

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

IN RE: REVISIONS TO SMALL VOLUME GAS TRANSPORTATION SERVICE RULES [199 IAC 19.13(4)"e," 19.13(4)"f," 19.13(6), and 19.14(5)"d"]	DOCKET NO. RMU-03-6
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ORDER COMMENCING RULE MAKING

(Issued September 26, 2003)

On July 18, 2003, the Utilities Board (Board) issued an order rejecting draft tariffs and closing Docket No. NOI-98-3, Small Volume Gas Transportation. The order ended the Board's inquiry into the development of a comprehensive plan for the transportation of natural gas by residential and other small volume customers. In the July 18, 2003, order, the Board indicated that certain provisions of 199 IAC 19.13(4)"e", 19.13(4)"f," 19.13(6), and 19.14(5)"d" would need to be amended as a result of the closing of the inquiry. This rule making is being commenced pursuant to the authority of Iowa Code §§ 17A.4, 476.1, 476.2, 476.10, 476.86, and 476.87 to make those amendments. A "Notice of Intended Action" showing the specific proposed amendments is attached to this order and incorporated herein by reference

The support for the amendments is discussed below.

1. Paragraph 19.13(4)"e" sets out tariff parameters for small volume gas transportation service. The current language states that each

utility shall file transportation tariffs on February 1, 1999, reflecting those specific requirements. The date for the filing of these tariffs has long since passed and the utilities chose to file small volume gas transportation implementation plans under 19.13(4)"f" instead of tariffs. It appears this paragraph should be rescinded. Utilities have transportation tariffs that apply to all customers, and without a comprehensive small volume gas plan, this paragraph is no longer necessary.

2. Paragraph 19.13(4)"f" allows utilities to file an implementation plan, rather than the tariffs required by paragraph 19.13(4)"e," discussed above. The Board dismissed these plans by order issued March 3, 2000. Since utilities are no longer being required to file a plan, this paragraph is no longer relevant and should be rescinded.

3. Subrule 199 IAC 19.13(6) currently requires a utility to notify its large volume users that once the customer switches to transportation service, the utility is not obligated to supply natural gas to the large volume user. The exception to this would be in the event the large volume user purchases back-up service from the utility. This subrule only applies to large volume users, since small volume users are entitled to return to system gas and, therefore, do not bear the risk of supply failure. There are a few small volume transportation customers under existing tariffs, and the Board believes that this subrule should be clarified to specifically state that the notice is not necessary

for small volume customers because the utility is obligated to provide gas to small volume transportation customers in the event of supply failure.

4. Paragraph 199 IAC 19.14(5)"d" requires competitive natural gas providers providing transportation service to small volume customers to provide monthly reports to the Board indicating rates charged for each customer class. This provision was included in the rules applicable to competitive natural gas providers in anticipation of a comprehensive plan for small volume gas transportation. Since the Board has concluded its investigation without requiring the establishment of a comprehensive plan, this reporting requirement is no longer necessary. The information can be obtained by the Board when needed and rescission of the paragraph will reduce the number of regular filings required by the competitive natural gas providers.

IT IS THEREFORE ORDERED:

1. A rule making proceeding, identified as Docket No. RMU-03-6, is commenced for the purpose of receiving comments on the proposed rules in the notice attached hereto and incorporated herein by reference in this order.

2. The Executive Secretary is directed to submit for publication in the Iowa Administrative Bulletin a notice in the form attached to and incorporated by reference in this order.

UTILITIES BOARD

/s/ Diane Munns

/s/ Mark O. Lambert

ATTEST:

/s/ Judi K. Cooper
Executive Secretary

/s/ Elliott Smith

Dated at Des Moines, Iowa, this 26th day of September, 2003.

UTILITIES DIVISION [199]

Notice of Intended Action

Pursuant to Iowa Code sections 17A.4, 476.1, 476.2, 476.10, 476.86, and 476.87, the Utilities Board (Board) gives notice that on September 26, 2003, the Board issued an order in Docket No. RMU-03-6, In re: Revisions to Small Volume Gas Transportation Service Rules [19.13(4)"e," 19.13(4)"f," 19.13(6), and 19.14(5)"d"], "Order Commencing Rule Making." On July 18, 2003, the Board terminated an inquiry into the development of a comprehensive plan for the transportation of natural gas by residential and other small volume customers. In the order, the Board indicated that 199 IAC 19.13(4)"e," 19.13(4)"f," 19.13(6), and 19.14(5)"d" would need to be amended as a result of the closing of the inquiry. The order containing the background and support for the proposed amendments can be found on the Board's Web site, www.state.ia.us/iub.

Pursuant to Iowa Code sections 17A.4(1)"a" and "b," any interested person may file a written statement of position pertaining to the proposed amendments. The statement must be filed on or before November 4, 2003, by filing an original and ten copies in a form substantially complying with 199 IAC 2.2(2). All written statements should clearly state the author's name and address and should make specific reference to this docket. All communications should be directed to the Executive Secretary, Iowa Utilities Board, 350 Maple Street, Des Moines, Iowa 50319-0069.

No oral presentation is scheduled at this time. Pursuant to Iowa Code section 17A.4(1)"b," an oral presentation may be requested or the Board, on its own motion after reviewing the comments, may determine that an oral presentation should be scheduled.

These amendments are intended to implement Iowa Code sections 17A.4, 476.1, 476.2, 476.10, 476.86, and 476.87.

The following amendments are proposed.

Item 1. Rescind and reserve paragraph 199—19.13(4)"e."

Item 2. Rescind and reserve paragraph 199—19.13(4)"f."

Item 3. Amend subrule 199—19.13(6) as follows:

19.13(6) Written notice of risks. The utility must notify its large volume users as defined in 19.14(1) contracting for transportation service in writing that unless the customer buys system supply reserve service from the utility, the utility is not obligated to supply gas to the customer. The notice must also advise the large volume user of the nature of any identifiable penalties, any administrative or reconnection costs associated with purchasing available firm or interruptible gas, and how any available gas would be priced by the utility. The notice may be provided through a contract provision or separate written instrument. The large volume user must acknowledge in writing that it has been made aware of the risks and accepts the risks.

Notice of the risks of supply failure need not be given to small volume transportation customers, as defined in subrule 19.14(1), since utilities are obligated

to supply gas to a small volume transportation customer if the small volume customer's supply fails.

Item 4. Rescind and reserve paragraph 199—19.14(5)"d."

September 26, 2003

/s/ Diane Munns

Diane Munns

Chairman